

Realty Trust Review

August 13, 1973

VOL. IV, No. 15

VALUE GUIDE TO TRUSTS REVIEWED IN THIS ISSUE

Trust	Port. Yield	--6 Mo. Port. Last	Chng.-- E Next	Lever. Ratio	Price	Div. Yield	Page
Intermediate term mortgage trusts							
Alison Mtg.	11.59%	44%	33%	2.26	\$27.13	11.0%	3
Barnett-Winston	12.59	26	25	0.74	17.88	10.0	3
Diversified Mtg.	13.84	11	25	1.24	22.38	13.0	3
First Virginia	11.14	80	30	1.85	22.38	11.0	4
Realty ReFund	10.84	44	15	0.92	18.75	11.9	5
Security Mtg.	11.46	10	10	1.06	9.00	13.3	4
Equity & mortgage combination trusts							
First Union	11.84	7	5	1.83	11.63	8.2	5
Flatley Rlty.	10.08	78	39	1.70	7.50	11.8	6
Franklin Rlty.	16.65	8	10	1.92	6.50	11.6	5
Indiana Mtg.	10.67	45	25	1.87	18.75	9.1	6
Pease & Elliman	10.22	NO	40	0.31	14.75	10.8	7
Realty Income	10.57	13	15	0.65	14.13	10.3	6
U.S. Bancorp	11.45	39	27	1.37	27.63	8.6	7
U.S. Realty	12.05	6	5	2.35	13.63	9.9	7
Subordinated land trusts							
Cabot, C&F Land	10.60	30	22	1.60	23.63	10.1	8
ICM Realty	10.98	-4	10	0.02	19.63	9.4	8
Property Cap.	11.11	2	23	1.41	15.75	10.9	8
AVERAGES	11.63%	27%	21%	1.36		10.6%	

These three measures are selected to aid investors. Averages for the measures are shown so each trust may be compared to the average. Portfolio yield is a general measure of risk to the investor, with highest yields typically the riskiest. Changes in funded portfolio indicate relative dynamism of increases in earning assets, although holdings of equity trusts typically will increase much more slowly than mortgage trusts. Leverage ratio indicates a trust's ability to obtain external non-convertible funds, although recent financings or policy decisions may lower this ratio temporarily. Leverage is the ratio of all non-convertible debt which is working to produce return to the trust's capital (equity plus convertibles). Ratios above 3.0 are rare and may portend capital financing. NO-No operation. NE-No estimate.

Statistical summaries for each trust reviewed show the trust's operating record for the four latest quarters. Ranges for share prices and dividend yields are shown for all four quarters to facilitate comparison with current yields and prices. Price ranges are those for calendar quarters. Where calendar quarters and a trust's interim period do not coincide, prices are shown for the quarter covering two months of the trust interim. For instance, December quarter prices are shown for trusts with November, December and January interims while March quarter prices are used for trusts with February, March or April interims.

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PUBLISHED TWICE MONTHLY ON THE SECOND AND FOURTH FRIDAYS SUBSCRIPTION \$84 ANNUALLY SINGLE COPY \$5 GROUP RATES ON REQUEST

EQUITY COMBINATION, INTERMEDIATE MORTGAGE AND LAND TRUSTS BETWEEN TWO FORCES

THREE KEY RATIOS

	Loss Res. #	Exp. Ratio*	Problem Loans#
Alison Mtg.	0.31%	1.90%	3.9%
Barnett-Winston	0.33	1.97	None✓
Diversified Mtg.	1.03	2.11	6.3
First Virginia	0.15	2.17	None✓
Realty ReFund	None	1.65	None✓
Security Mtg.	0.05	0.98	None✓
First Union	None	0.53	None✓
Flatley Rlty.	None	1.13	None✓
Franklin Rlty.	None	44.2**	None✓
Indiana Mtg.	0.16	1.33	None✓
Pease & Elliman	0.06	2.08	None✓
Realty Income	0.80	1.03	None✓
U.S. Bancorp.	0.14	1.35	None✓
U.S. Realty	None	0.70	None✓
Cabot, C&F Land	0.15	1.40	1.5.
ICM Realty	0.09	0.94	2.9
Property Cap.	0.70	1.78	0.8
	0.23%	1.38%	

#Based on latest gross portfolio.

*On avg. fundings. **Oper. expenses
% of rentals.

The 17 trusts reviewed this issue are confronted by two conflicting forces. On the one hand current investment opportunities are coming in such quantity and of such high quality that trust managers are panting to put them on their books at historically high yields. But short-term interest rates are still pushing upward with no sign of halting and since most trusts use short-term borrowings to build their longer-term investment base, they almost surely will restrict current earnings by going ahead and taking advantage of today's attractive investment but at very narrow current spreads.

Most trusts are going ahead because they are long-term oriented and believe shareholders will be best served by locking into today's high yields for the longer-term. For them it's a case of making hay while the sun shines. A few are moving more cautiously because they fear the effects of an oversupply of space, especially in office buildings and apartments, on new projects just coming on stream.

Thus investors face an anomaly: many trusts reviewed will have flat or very moderate earnings gains over the next few quarters while their longer-term progress should be very good. Locking in today's deals, if strongly financed and soundly underwritten, should produce the stable and moderately rising earnings trends which investors should expect in these longer-term oriented trusts. All this, of course, is in sharp contrast to the short-term mortgage trusts where earnings and dividend swings can be more volatile.

One other pressure facing investors is the high yields they can obtain in other vehicles. Commercial paper and bank certificates of deposit can now yield 10% or better and even Treasury bills can bring 8.75% for 90-day paper. With those yields in debt instruments, many investors aren't in any hurry to buy REIT shares yielding an average 10.6%, as shown on page 1. Many investors doubtless will opt for the rich short-term yields, knowing full well they may not be able to roll over their funds at today's rates in three or six months. But for investors willing to look beyond the short-term, many REITs reviewed this issue should prove rewarding vehicles.

Problem loans appear in the portfolios of five of the 17 trusts reviewed, including all three Subordinated Land trusts. Two land trusts, ICM Realty and Property Capital, hold land beneath apartments built or managed by troubled DeBoer Assoc. (RTR, May 29), classed by these trusts as good real estate in good locations but temporarily in weak hands. Major institutions like the First National City Bank and Ford Foundation of New York are moving to shore up finances of these projects and we have less concern about ultimate losses than some recent newspaper headlines would indicate. For stable income, low price volatility and very long-term appreciation, *First Union* and *ICM Realty* appear most appropriate, with *U.S. Realty* and *Realty Income* representing more speculative issues with similar characteristics. More aggressive holdings for variable but generally rising dividend potential include *Alison Mortgage*, *Cabot*, *Cabot & Forbes Land Trust* and *Property Capital Trust*. More speculative *Diversified Mortgage* may benefit from a higher multiple as portfolio emphasis shifts over the next two years. Relatively new trusts like *Barnett-Winston* and *U.S. Bancorp* have promise.

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ALISON MORTGAGE INVESTMENT TRUST (NYSE-AMV)-FY Oct. 31-Price:\$27.13 Yld:11.0%									
Quar.	Port.	Port. Yld.	Cap. Ret.	EPS Prim.	Dilut.	Div.	-Price Range-	-Yld. Range-	
7/72	\$95.1M	11.61%	11.17%	\$0.65	\$0.64	\$0.72	\$27.63-25.75	11.2-10.4%	
10/72	104.5	12.75	12.76	0.75	0.64	0.73	28.50-25.88	11.3-10.3	
1/73	129.8	11.50	13.82	0.75	0.70	0.74	31.25-28.38	10.4- 9.5	
4/73	150.3	11.59	13.78	0.75	0.71	0.75	31.88-27.00	11.1- 9.4	

Portfolio dynamics: Fundings rose 44% the last 6 months and mgmt. expects portfolio to reach \$200M by Oct.'73, a 33% gain. Latest portfolio is 26% constr. & devel.; 34% intermediate; 18% wrap around; 16% land; 4% land leasebacks; 2% real estate. Investments are located in 22 states with concentrations in Calif., Okla., Conn., N.Y. About 50% of loans are tied to prime and trust is attempting to tie new loans to the higher of prime or the commercial paper rate. Trust has 2 problem loans amounting to \$5.8M (3.9% of current portfolio). One loan for \$3.2M is being negotiated presently and trust expects to recover all interest and may make a profit. The other loan for \$2.6M may be foreclosed in near future. Financing: Capital of \$50.9M is 90% equity (with 2.26M shares) and 10% convt. Debt of \$115.1M is 74% bank notes and 26% commercial paper. On May 8, '73 trust issued \$25M, 8 3/4% senior subor. notes. Trust has also arranged a \$25M, 7-year term loan, filling financing needs for next 6 months. Sponsor: Alison Mortgage, Los Angeles mtg. banker. Results & outlook: Level earnings of the past three qtrs. should be moderately increased due to improving portfolio yield and good funding growth. Trust plans to keep increasing dividends and will use a \$2.5M set-aside fund to boost dividends moderately in 1973 and 1974. An overhang of 23% due to warrants a minor negative. Shares have variable income characteristic and moderate appreciation potential. (VCK)

DIVERSIFIED MORTGAGE INVESTORS (NYSE-DMG)-FY Dec. 31-Price:\$22.38 Yld:13.0%									
Quar.	Port.	Port. Yld.	Cap. Ret.	EPS Prim.	Dilut.	Div.	-Price Range-	-Yld. Range-	
9/72	\$252.2M	13.34%	13.67%	\$0.69	\$0.69	\$0.69	\$27.00-25.13	11.0-10.2%	
12/72	287.7	13.25	13.92	0.71	0.70	0.70	29.75-26.13	10.7- 9.4	
3/73	304.6	13.19	14.40	0.73	0.72	0.72	29.38-24.13	11.9 -9.8	
6/73	319.3	13.84	14.55	0.73	0.73	0.73	26.50-21.50	13.6-11.0	

Portfolio dynamics: Fundings grew 11% over the last six months and mgmt. goal is to reach \$400M in next 6 months representing a 25% gain. Current portfolio is 40% land devel.; loans; 27% land loans; 25% loans on income producing properties; 8% constr. participation. In terms of maturity 44% are less than 3 yrs.; 24% 3-5 yrs.; 17% over 10 yrs.; 15% 5-10 years. Investments are located in 30 states & P.R. About 40% of loans are tied to prime and new loans are being made at the higher of prime or commercial paper. Trust has five problem loans amounting to \$20.0M (6.3% of portfolio). Uncertainties caused by consumer and environmental suits against two large borrowers, Great Western Cities and Shastina Properties, appear ended with settlement of key suits. Financing: Capital of \$148.6M is 99% equity with 7.32M shares and 1% convt. Debt of \$184.4M is all bank loans. Trust cancelled a \$25.0M subor. debent. offering in Mar.'73 and may possibly attempt a public financing if market conditions become more favorable. Sponsor: Continental Investment Corp., whose major shareholders also manage Continental Mtg. Inv., a short-term trust. Results & outlook: Trust plans to reduce percentage of land devel. loans (which are on recreational and second home properties) from present 40% of portfolio to 25% over next 2 years. This may lower future portfolio yield but will reduce portfolio risk and produce more stable yield. Growth in portfolio will focus on income producing loans. Near-term earnings and dividend result should have a modest gain due to continued funding growth and rising portfolio yield. No dilution due to warrants. Shares have speculative appreciation potential based on success of mgmt. in providing more stable future yield record. (VCK)

BARNETT-WINSTON INV. TRUST (OTC-BWITS)-FY Sept. 30-Price:\$17.88 Yld:10.0%									
Quar.	Port.	Port. Yld.	Cap. Ret.	EPS Prim.	Dilut.	Div.	-Price Range-	-Yld. Range-	
9/72	\$27.7M	6.90%	4.33%	\$0.20	\$0.20	\$0.20	\$18.50-17.75	4.5-4.3%	
12/72	32.2	11.49	7.63	0.35	0.32	0.35	20.25-19.00	7.4-6.9	
3/73	41.0	10.88	8.60	0.40	0.36	0.40	22.25-16.75	9.6-7.2	
6/73	49.2	12.59	9.64	0.45	0.42	0.45	19.13-16.00	11.3-9.4	

BARNETT-WINSTON: Portfolio dynamics: Holdings rose 26% the past two quarters and heavy commitments indicate about another 25% growth the next 6 mon. Holdings are 88% in short-term const. & devel. loans, 5% in long-term mtgs., and 7% land purchase/leasebacks. Holdings are mostly concentrated in Southeast and Southwest. About 36% are apartments, 31% land loans for immediate funding, and 21% office buildings. No problem loans. Financing: Capital of \$31.1M is all equity w. 1.66M shares. Bank loans totaling \$22.9M are outstanding, the only borrowings. No public offerings are planned. Sponsor: A 50%-owned subsidiary of Barnett Banks of Florida, bank holding Co. Results & outlook: Funding growth has been strong and sustained during this first year of operation. Land loans were funded initially to put money to work; new fundings are going into constr. loans. Trust has access to bank borrowings via sponsor. Warrant overhang of 99% at \$20 a longer-term negative. Shares have longer-term appreciation potential and variable, generally upward, dividend income. (KDC)

FIRST VIRGINIA MTG. & R.E. INV. TRUST (OTC-FVMTS)-FY June 30-Price:\$22.38 Yld:11.0%									
Quar.	Port.	Port. Yld.	Cap. Ret.	EPS Prim.	Dilut.	Div.	-Price Range-	-Yld. Range-	
9/72	\$25.5M	10.03%	5.41%	\$0.31	\$0.31	\$0.30	\$21.63-20.13	6.0- 5.6%	
12/72	44.3	10.28	7.54	0.44	0.44	0.42	24.13-22.13	7.6- 7.0	
3/73	63.3	11.20	9.80	0.57	0.57	0.55	26.13-23.75	9.3- 8.4	
6/73	79.9	11.14	9.98	0.59	0.59	0.62	23.50-20.88	11.9-10.6	

Portfolio dynamics: During the past 6 months fundings increased 80% with the breakdown being 50% constr.; 25% intermediate; 18% land devel. & acq.; 5% junior; 2% land & leasebacks. We look for a 30-40% gain in fundings in the next 6 months with concentration in the short-term area. Investments are located in 15 states and Wash. D. C. with concentrations in Va., Md. and Fla. About 50% of loans are presently tied to prime and new loans are all being tied to prime. No problem loans. Financing: Capital of \$28.4M is all equity with 1.21M shares. Debt of \$52.5M is all bank loans. Trust plans offering of senior subor. notes in next 90 days. Sponsor: Mtg. banking sub. of First Virginia Bankshares, bank holding co. Results & outlook: Past year's earnings and dividend performance should continue near-term due to anticipated strong fundings gain & attractive portfolio yield. Expected public offering should provide base for growth. Overhang of 100% from warrants a longer-term negative. Shares offer above-average dividend and moderate capital appreciation potential. (VCK)

SECURITY MORTGAGE INVESTORS (ASE-SMO)-FY Sept. 30-Price:\$9.00 Yld:13.3%									
Quar.	Port.	Port. Yld.	Cap. Ret.	EPS Prim.	Cash Flow	Div.	-Price Range-	-Yld. Range-	
9/72	\$156.9M	11.01%	11.56%	\$0.28	\$0.32	\$0.34	\$16.25-12.63	10.8- 8.4%	
12/72	167.1	10.61	11.14	0.28	0.32	0.34	15.38-13.13	10.4- 8.8	
3/73	168.7	10.83	10.86	0.27	0.31	0.30	15.13-10.50	11.4- 7.9	
6/73	184.6	11.46	10.63	0.27	0.30	0.30	11.25- 7.88	15.2-10.7	

Portfolio dynamics: During the last 6 months fundings rose 10% and we estimate a similar increase in the next 6 months. Mgmt has expanded to accent portfolio growth in the short-term area but will add some intermediate and land leasebacks. By type of loans the latest portfolio breakdown is 42% home loans; 23% constr.; 20% first mtg.; 8% junior; 5% land; 2% equity. Breakdown by type of property is 42% home; 18% hospital; 16% apartment; 9% office; 5% land; 5% motel; 3% industrial; 2% commercial. New loans are being tied to prime. No problem loans. Financing: Capital of \$97.3M is 67% equity (with 6.79M shares) and 37% synthetic convt. Debt of \$103.2M is 57% bank loans; 33% debent.; 10% commercial paper. No public financing planned next 6 months and trust will continue using its bank lines. Sponsor: Primarily by securities broker Smith, Barney & Co. Results & outlook: Since Dec. '72 trust has been building its short-term portfolio which has already increased portfolio yield. Further anticipated buildup in short-term loans should continue to increase portfolio yield. Earnings and dividends could gain moderately. Dilution of 10% minor negative. Shares have speculative capital appreciation potential. (VCK)

REALTY REFUND TRUST (ASE-RRF)-FY Jan. 31-Price:\$18.75 Yld:11.9%

Quar.	Port.	Port. Yld.	Cap. Ret.	EPS Prim.	Dilut.	Div.	-Price Range-	-Yld Range-
7/72	\$20.3M	12.99%	10.80%	\$0.50	\$0.50	\$0.50	\$20.88-20.25	9.9-9.6%
10/72	25.5	12.11	11.44	0.53	0.45	0.53	21.50-19.63	10.8-9.9
1/73	27.8	12.07	11.81	0.55	0.45	0.55	23.00-19.75	11.1-9.6
4/73	36.6	10.84	12.01	0.56	0.47	0.56	23.50-20.25	11.1-9.5

Portfolio dynamics: Present portfolio which increased 45% over the past six months is largely wrap-around loans (stated above net of related first mtgs.) except for a 2nd mtg. and one land purchase/leaseback. Fundings should gain 15% next 6 mon. Portfolio by type is 42% in 11 apartment projects; 20% in 3 office buildings 17% in an industrial complex; 13% in a shopping center; 8% in six motels. Investments are located in 10 states with some concentration in Penn. and Ill. No problem loans. Financing: Capital of \$19.2M is all equity with 1.03M shares. Debt of \$17.8M is all bank loans. Trust has a \$20.0M conv't. subor. debent. offering pending which may be offered in the next month. Sponsor: Independent Cleveland real estate group. Results & outlook: Planned conv't financing should provide finances needed for increased fundings as well as add to equity base of trust. Near-term earnings and dividends should continue their past modest gain pattern. An overhang of 99% due to warrants a possible drain on earnings and dividend gains near-term since exercise price is near or at present stock price. Shares have stable income characteristics. (VCK)

FIRST UNION REAL ESTATE INVESTMENTS (NYSE-FUR)-FY Oct. 31--Price: \$11.63 Yld:8.2%

Quar.	Port.	Port. Yld.	Cap. Ret.	EPS Prim.	Cash Flow	Div.	-Price Range-	-Yld Range-
7/72	\$116.9M	14.92%	9.96%	\$0.21	\$0.26	\$0.23	\$13.00-11.25	8.2-7.1%
10/72	129.9	11.44	10.22	0.20	0.28	0.23	12.38-11.13	8.3-7.4
1/73	136.3	11.74	10.52	0.19	0.28	0.23	12.88-11.88	7.7-7.1
4/73	138.9	11.84	10.45	0.18	0.28	0.23	12.88-11.75	7.8-7.1

Portfolio dynamics: Latest portfolio rose 7% in last six months. The gain came from short-term loans more than doubling while equity was unchanged. Holdings of \$173.1M (incl. \$17.1M deprec.) were 87.5% property and 12.5% mortgage loans. Properties: 9 office bldgs.- 2.78M sf, four shopping centers- 1.35 sf; and two inns- 429 rooms. Further modest growth, \$10-20M, in holdings expected over the next few quarters. Shopping centers are being emphasized in equity purchases with construction loans being made only when convertible into equities. Financing: Capital is \$51.4M, 66% equity and 34% convts. Debt is \$94.4M with \$71.7M mortgages and \$21.3M short split between bank and comm. paper. Bank credit was recently increased to \$60M to accomodate more construction lending. Sponsor: Independent and self-administered. Results & outlook: The quarterly dividend was raised to \$0.24/sh. Overages from shopping centers should make themselves felt more. Staff was added to increase the mortgage portfolio. Some intermed.-term loans will be made with equity conversion. Mgmt. hopes tight money will make more properties available. Shares are relatively attractive for secure income and solid, moderate appreciation. Thinly traded converts are equally attractive. (BS)

FRANKLIN REALTY & MORTGAGE TRUST (ASE-FR)-FY June 30-Price:\$6.50 Yld:11.6%

Quar.	Port.	Port. Yld.	Cap. Ret.	EPS Prim.	Div.	-Price Range-	-Yld. Range-
6/72	\$35.7M	18.32%	9.47%	\$0.06*	\$0.19	\$10.13-8.88	8.6-7.5%
9/72	35.8	16.71	8.86	0.16	0.19	9.25-8.00	9.5-8.2
12/72	38.3	16.87	9.15	0.18	0.19	8.88-7.75	9.8-8.6
3/73	38.6	16.65	9.09	0.18	0.19	9.13-8.25	9.2-8.3

Portfolio dynamics: During the past 6 months fundings increased 8% due mainly to gain in mtg. since equity portfolio has remained unchanged. We look for a 10% gain in fundings in the next six months. Two new equity positions are near closing and mtg. investment is active. Some development of Florida landholdings is going forward. Present portfolio is 81% equity and 19% mtg. with equity investments consisting of 12 office buildings, 5 apartments, 2 motels and 4 land leasebacks. Some 75% of mtg. loans are tied to prime and new loans are being tied to prime. No problem loans. Financing: Capital of \$14.8M is 66% equity (with 998T shares) and 34% convt. Debt of \$28.5M is 60% mtg. and 40% bank loans. No public financing in next 6 months. Sponsor: Independent. Results & outlook: Buildup in equity & mtg. investments in the next six months and good though slightly declining portfolio yield should produce modest gains in earnings. Shares are for stable income and above average yield. *Plus \$0.24/sh. capital gain. (VCK)

FLATLEY REALTY INVESTORS (OTC-FLTLS)-FY June 30-Price:\$7.50 Yld:11.8%

Quar.	Port.	Port. Yld.	Cap. Ret.	EPS Prim.	Dilut.	Div.	-Price Range-	-Yld. Range-
9/72	\$13.1M	11.47%	8.03%	\$0.17	\$0.17	\$0.16	8.88-8.38	7.6- 6.1%
12/72	13.0	11.32	8.89	0.19	0.19	0.17	7.75-7.00	9.7- 8.8
3/73	21.4	10.08	9.70	0.21	0.21	0.19	8.25-7.75	9.8- 9.2
6/73	23.1	NA	NA	0.23	0.23	0.21*	7.50-7.00	12.7-11.9

Portfolio dynamics: In the past 6 months, fundings increased 78%. Mgmt. estimates that \$8.9M will be added to the portfolio in the next 6 months, representing a 39% gain from June '73. Of the \$8.9M, some \$7.6M, or 85%, will be constr. loans and the remaining \$1.3M will be invested in a land purchase/leaseback. Present portfolio is 49% short-term mtg.; 44% land, buildings and improvements; 7% land leasebacks. Some 81% of present loans are tied to prime and new loans are being tied to prime. No problem loans. Financing: Capital of \$9.3M is all equity with 1.00M shares. Debt of \$15.7M is 51% bank loans and 49% mtg. There is a possibility of a public financing in next 6 months. Sponsor: The Flatley Company, a New England real estate development Co. solely owned by Thomas J. Flatley. Results & outlook: Preliminary results for June '73 year indicated good earnings and dividend gains. They can continue in the near term if declining portfolio yield is reversed & estimated investments are funded. Overhang of 100% due to wts. a long-term negative since exercise price is \$10.00. Shares carry an attractive yield and have moderate appreciation potential. *Plus \$0.05 year-end extra. (VCK)

REALTY INCOME TRUST (ASE-RIT)-FY Apr. 30-Price:\$14.13 Yld:10.3%

Quar.	Port.	Port. Yld.	Cap. Ret.	EPS Prim.	Dilut.	Div.	-Price Range-	-Yld. Range-
10/72	\$55.6	9.83%	8.65%	\$0.25	--	\$0.30	\$14.50-11.63	10.3-8.3%
1/73	57.7	11.59	10.81	0.38	--	0.30	14.50-11.88	10.1-8.3
4/73	60.3	10.57	9.64	0.30(+0.32 cap.)	0.55	15.38-12.88	9.3-7.8	
7/73	65.0	NA	NA	0.33	--	NA	15.50-13.00	NA

Portfolio dynamics: Holdings rose 13% the past six months and rising commitments indicate growth of this same order over next six months. Nearly all recent growth has been in mortgage loans, although some land purchase/leasebacks are being reviewed. Holdings at April 30 were 54% mortgage and 46% equities. Mortgages are 14% constr. loans, 5% land acquisition & devel., 15% permanents and 20% wrap-arounds. Equities are 22% leasebacks and 24% property ownership. Office buildings and apartments/condos each account for about 33% of investments. Equities generally return about 10.65% and are not sensitive to interest rates; mtgs. are being tied to prime but usury ceilings limit return in some states. No delinquent loans and mgmt. expects no further difficulties with \$1.75M loans on recreational homesites whose developer entered bankruptcy. Financing: Capital of \$39.5M is half equity (w. 1.52M sh.) and half 8½% debent. convt. at \$16.50. Debt of \$25.6M is 65% bank loans, 35% mtgs. on property. Sponsor and adviser: Founded by Textron pension funds in 1962, trust is self-administered but is advised by sub. of Industrial National Corp., bank holding co. which owns 19% of RIT shares. Results & outlook: A 19% gain in EPS to \$1.15/sh. in FY 1973 was supplemented by \$0.32/sh. gain on sale of three parking garages. Trust is selling 1,190 acres near San Diego over 10 yrs. and first gain of about \$0.28/sh. expected in FY 1974. Shares for relatively stable income and speculative gains long-term. (KDC)

INDIANA MORTGAGE & REALTY INVESTORS (OTC-INDMS)-FY June 30-Price:\$18.75 Yld:9.1%

Quar.	Port.	Port. Yld.	Cap. Ret.	EPS Prim.	Dilut.	Div.	-Price Range-	-Yld. Range-
9/72	\$35.1M	7.51%	7.24%	\$0.33	\$0.30	\$0.30	\$19.75-18.38	6.5-6.1%
12/72	37.4	9.56	8.23	0.37	0.35	0.35	23.50-19.25	7.3-6.0
3/73	50.1	8.79	8.65	0.39	0.39	0.39	24.38-18.75	8.3-6.4
6/73	54.2	10.67	8.88	0.43	0.40	0.43	22.75-17.25	10.0-7.6

Portfolio dynamics: Fundings gained 45% in last 6 months and we estimate a 25% gain in the next 6 mo. Current portfolio is 82% short-term mtg.; 10% real estate partnership; 8% real estate. Mgmt. estimates that most growth in portfolio in next six months will be in short-term area. Some 75% of loans are tied to prime and new loans are being made at the higher of prime or the 90 day commercial paper rate. No problem loans. Financing: Capital of \$21.7M is all equity with 1.15M shares. Debt of \$40.6M is 68% bank loans; 25% term loan; 7% mtg. No public financing in next 6 months. Sponsor: Indiana National Corp. one bank holding Co. Results & outlook: Rising portfolio yield and increased fundings should enable trust to continue strong recent earnings and dividend gains. Shares have moderate capital appreciation potential. (VCK)

PEASE & ELLIMAN REALTY TRUST (ASE-PNE)-FY Dec. 31-Price:\$14.75 Yld:10.8%

Quar.	Port.	Port. Yld.	Cap. Ret.	EPS Prim.	Dilut.	Div.	-Price Range-	-Yld. Range-
3/73	\$20.7M	12.67%	8.12%	\$0.35	\$0.35	\$0.34	\$17.13-16.75	8.1-7.9%
6/73	24.9	10.22	8.32	0.36	0.36	0.40	15.63-11.50	13.9-10.2

Portfolio dynamics: Investments grew 20% over the past three months but are up 118% from initial fundings of \$11.4M after the Nov.'72 initial offering. Mgmt. expects about \$10M to be added to investments in the next 6 months, a 40% increase, with the bulk of new funding in the short-term area. Latest portfolio is 49% land leasebacks; 36% constr. & other mtg.; 15% shopping center. Equity portfolio consists of 17 properties located in 8 states. Some 71% of constr. & other mtg. are tied to prime and new loans are being tied to prime. No problem loans. Financing: Capital of \$20.4M is all equity with 1.11M shares. Debt of \$6.4M is 63% mtg. and 37% bank loans. No public financing in next 6 months. Results & outlook: Healthy portfolio gains near-term and movement to short-term area, where returns are higher, should result in moderate earning and dividend gains. Overhang of 100% due to warrants is longer-term negative since exercise price (\$18.50) is well above share price. Trust is being changed to Equity and Mtg. Combination group due to change in investment philosophy. Shares carry good yield and have variable income characteristic.(VCK)

U.S. BANCORP REALTY & MTG. TRUST (ASE-UBT)-FY May 31-Price:\$27.63 Yld:8.6%

Quar.	Port.	Port. Yld.	Cap. Ret.	EPS Prim.	Cash Flow	Div.	-Price Range-	-Yld. Range-
8/72	\$32.0M	12.70%	7.29%	\$0.20	\$0.41	\$0.40	\$27.38-26.88	6.0-5.8%
11/72	39.8	12.17	8.51	0.35	0.55	0.45	30.38-23.13	7.8-5.9
2/73	45.3	11.62	9.77	0.48	0.65	0.52	32.63-25.88	8.0-6.4
5/73	55.3	11.45	10.57	0.57	0.76	0.60	29.37-26.50	9.1-8.2

Portfolio dynamics: The \$15.5M increase in investments during the last 6 months represented a 39% gain. Mgmt. expects net fundings to grow by \$2.5M monthly in the next 2 qtrs., a 27% increase in the 6 month period, with emphasis on short-term investments. Latest portfolio is 72% mtg. and 28% real estate. Equity investments are all located in the Portland, Ore. area while mtg. are located in 7 other states and Ore. About 32% of loans are tied to prime and new loans are being tied to prime. No problem loans. Financing: Capital of \$23.6M is 76% equity (with 779T shares) and 24% convt. Debt of \$32.2M is 98% bank loans & commercial paper and 2% mtg. on property. Trust plans a public financing in next 6 months but type has not yet been determined. Sponsor & adviser: U.S. Bancorp., Oregon's largest bank holding co., which owns 80% of adviser. Results & outlook: Earnings and dividend gains of the past year should continue but at a more moderate pace due to a slight decline in funding growth and portfolio yield. Minor dilution of 5% due to warrants. Recent \$0.62 dividend declaration indicates earnings growth continued in August qtr. Shares are for stable income and moderate appreciation potential. (VCK)

U.S. REALTY INVESTMENT (NYSE-UTY)-FY Dec. 31-Price:\$13.63 Yld:9.9%

Quar.	Port.	Port. Yld.	Cap. Ret.	EPS Prim.	Cash Flow	Div.	-Price Range-	-Yld. Range-
9/72	\$121.7	12.18	11.64	\$0.23	\$0.35	\$0.34	\$16.75-15.13	9.0-8.1
12/72	120.1	11.74	11.38	0.24	0.36	0.34	16.38-15.00	9.1-8.3
3/73	121.6	12.05	11.54	0.24	0.36	0.34	16.13-15.00	9.1-8.4
6/73	126.8	NA	NA	0.23	0.34	0.34	15.88-12.88	10.6-8.6

Portfolio dynamics: Latest portfolio rose 5.6% in last six months. This came from 16% expansion of mortgage loans while property was flat. Holdings of \$150M (incl. \$22.3M deprec.) consisted of 60% property and 40% mortgages. The trust still has \$104M in unfunded commitments. All recent loans tied to prime. New properties are being developed via joint ventures and a deal is pending for \$12M of land in downtown Cleveland for Tower City. Finances: Capital is \$38.4M, \$27M equity and \$11.4M conv. Debt is \$101M, \$42M in mortgages and \$59M in bank loans. The trust since made \$19M in seven year bank loans at a rate to fluctuate with prime. The proceeds will go toward intermediate term financings, some of which could bring equity participations. Sponsor: Independent. Results & outlook: June qtr. profits were squeezed by rising rates. Properties will gradually grow. Short-term mortgage loans may increase less than \$10M through the rest of 1973 but intermediate loans should develop. Shares offer stable income and long-term appreciation. (BS)

PROPERTY CAPITAL TRUST (ASE-PCL)-FY ends July 31-Price:\$15.75 Yld:10.9%									
Quar.	Port.	Port. Yld.	Cap. Ret.	EPS Prim.	Dilut.	Div.	-Price Range-	-Yld. Range-	
7/72	\$60.1M	11.46%	11.71%	\$0.41	--	\$0.37	\$25.25-24.00	6.2-5.9%	
10/72	63.7	11.34	12.27	0.42	--	0.39	28.50-26.50	5.9-5.5	
1/73	67.0	11.33	12.39	0.43	--	0.40	28.50-23.68	6.7-5.6	
4/73	64.8	11.11	12.70	0.44	--	0.41	25.88-21.25	7.7-6.3	

Portfolio dynamics: Holdings rose 2% the past 2 qtrs. but this masks upgrading of one large constr. loan into higher yielding land leasebacks. We expect fundings to rise about 20% from the July FY year-end. Holdings are 64% land leasebacks, 30% long-term mtgs. A \$500T leasehold on Houston apartment is in default and in court. PCT holds \$6.35M in 14 apartment projects of troubled DeBoer Assoc. (RTR, May 29) and is seeking solution with other DeBoer lenders. Financing: Capital of \$28.6M is all equity. Debt of \$40.5M is 56% bank loans and 44% of 6½% sr. notes. Sponsor: Independent but 61% of shares held by institutions from 1969 private placement. Results & outlook: July qtr. earnings likely were little changed from \$0.44/sh. but full-year was up about 13%. Rising short-term rates are narrowing spread from 11% rate on new investments but trust views current investments as attractive long-term. Some earnings squeeze possible but shares attractive long-term.(KDC)

CABOT, CABOT & FORBES LAND TRUST (NYSE-CFT)-FT May 30-Price:\$23.63 Yld:10.1%									
Quar.	Port.	Port. Yld.	Cap. Ret.	EPS Prim.	Dilut.	Div.	-Price Range-	-Yld. Range-	
8/72	\$94.1M	11.69%	10.78%	\$0.54	\$0.53	\$0.54	\$28.00-25.25	8.6-7.7%	
11/72	117.7*	10.86	11.32	0.57	0.55	0.55	30.25-23.38	9.4-7.3	
2/73	137.7*	9.65	11.33	0.58	0.57	0.57	29.75-25.25	9.0-7.7	
5/73	137.3	10.60	NA	0.60	0.59	0.60	26.00-22.75	10.5-9.2	

Portfolio dynamics: Fundings gained 35% the past 2 qtrs. after adjustment for sale of \$16.1M first mtg. on two Arlington, Va. properties CFT took over from the Pomponio realty interests (RTR, Sept. 25, 1972). Commitments are 58% land purchase/leasebacks and leasehold loans, 21% short-term development loans, 9½% short-term loans which may convert to leasebacks, and 12% long and short-term mtg. loans. Investments are 21% California, 10½% Massachusetts, 9½% Texas, the rest in 21 other states. Commitments were \$36.5M at May 31 and quality of submissions improving. Rental rates on leasebacks move with long-term investment yields and are rising toward 11%. Land tenants of three apartment projects in Calif., Mich. and Texas are now delinquent and trust is moving to protect its \$2.32M investments. Financing: Capital of \$60.5M is 98% equity and 2% converts. Debt of \$96.91M is 36% bank term loans and senior notes, 24% of 8½% sr. subor. notes, 17% mtg. debt on property, and 23½% short-term bank loans (of which \$20M will be rolled into a bank term loan this month). Sponsor: Cabot, Cabot & Forbes, Boston industrial realty developer. Results & outlook: Fiscal 1973 earnings rose 9.6% to \$2.29/sh. primary and dividends rose 20%. Trust has demonstrated ability to expand financial base, generate investments and cope with problem holdings. Shares are for variable and moderately rising dividends. (KDC)

*Incl. \$16.1M mtg. on acquired property sold in May.

ICM REALTY (ASE-ICM)-FY Nov. 30-Price:\$19.63 Yld:9.4%									
Quar.	Port.	Port. Yld.	Cap. Ret.	EPS Prim.	Div.	-Price Range-	-Yld. Range-		
8/72	\$53.5M	10.20%	8.30%	\$0.43	\$0.43	\$21.75-19.25	8.9-7.9%		
11/72	60.8	11.29	8.66	0.45	0.45	24.50-21.00	8.6-7.4		
2/73	56.8	10.60	8.84	0.46	0.46	22.75-19.50	9.4-8.1		
5/73	58.1	10.98	9.06	0.47	0.465	21.38-17.75	10.5-8.7		

Portfolio dynamics: Fundings experienced a 4% decline* in the last 6 months as management let commitments run off. Commitments are building again and mgmt. expects portfolio to rise in next 6 months which we estimate to be about 10%. Present portfolio is 80% land purchase/leasebacks and 20% mtg. which have an option to purchase the land upon completion. Thirteen properties are presently producing overages but income from overage was off 13% in the qtr. ending May'73 when compared to the May'72 qtr. Trust has problem loans amounting to \$1.7M, three loans of \$1.4M to Jack DeBoer (see RTR, May 29'73) on which mgmt. expects to come out whole and a \$0.3T second mtg. which trust plans to take over and then sell. Financing: Capital of \$62.6M is all equity with 3.01M shares. Debt of \$1.02M is a mtg. Trust has \$10M in bank lines and a \$20M 5 year revolving loan so it does not plan a public financing in next six months. Results & outlook: Moderate earnings gains of recent past should be continued by moderate portfolio growth and slightly rising yield with no dilution. Shares for stable income and moderate appreciation potential.(VCK)